

TRACT 36518 - St. Bernard Parish, Louisiana

All lands now or formerly constituting the beds and bottoms of water bodies of whatever description and nature owned by the State of Louisiana and located within the geographical boundaries of the Biloxi Wildlife Management Area and not presently under mineral lease by the State of Louisiana as of July 14, 2004, the area being set forth as follows: Beginning at a point having Coordinates of X = 2,567,242.00 and Y = 453,845.23; thence South 88 degrees 56 minutes 39 seconds West 4,814.75 feet to a point having Coordinates of X = 2,562,428.07 and Y = 453,756.50; thence South 86 degrees 20 minutes 38 seconds West 4,896.34 feet to a point on the boundary of the Biloxi Wildlife Management Area having Coordinates of X = 2,557,541.69 and Y = 453,444.26; thence along the boundary of said Biloxi Wildlife Management Area the following courses and distances: North 00 degrees 58 minutes 51 seconds West 135.95 feet, North 01 degrees 37 minutes 39 seconds West 744.50 feet, North 01 degrees 19 minutes 28 seconds West 1,440.28 feet, North 01 degrees 30 minutes 59 seconds West 478.98 feet, North 01 degrees 24 minutes 17 seconds West 1,331.88 feet, North 01 degrees 29 minutes 03 seconds West 725.37 feet, South 88 degrees 11 minutes 01 seconds West 1,332.58 feet, South 02 degrees 17 minutes 00 seconds East 716.73 feet, South 88 degrees 31 minutes 35 seconds West 3.14 feet, South 01 degrees 57 minutes 45 seconds East 82.85 feet, Southwesterly, Northwesterly, Southwesterly, North 01 degrees 22 minutes 20 seconds West 470.80 feet, North 08 degrees 49 minutes 48 seconds West 0.62 feet, North 87 degrees 21 minutes 51 seconds East 3.78 feet, North 01 degrees 08 minutes 06 seconds West 1,517.46 feet, South 88 degrees 21 minutes 27 seconds West 601.05 feet, Southerly, Westerly, Northwesterly, Southwesterly, South 01 degrees 07 minutes 30 seconds East 1,219.82 feet, North 89 degrees 39 minutes 13 seconds East 207.33 feet, Southerly, Southwesterly, Southerly, South 88 degrees 42 minutes 31 seconds West 546.08 feet, South 01 degrees 22 minutes 42 seconds East 0.89 feet, South 88 degrees 32 minutes 49 seconds West 328.33 feet, Northerly and Northeasterly to a point on the boundary of said Biloxi Wildlife Management Area, also being a point on the South line of State Lease No. 17088 having Coordinates of X = 2,554,929.40 and Y = 463,921.46; thence North 88 degrees 44 minutes 45 seconds East 12,315.55 feet along the South line of said State Lease No. 17088 to a point having Coordinates of X = 2,567,242.00 and Y = 464,191.01; thence South 10,345.79 feet to the point of beginning, **LESS AND EXCEPT** any portion that may lie outside the boundaries of the Biloxi Wildlife Management Area, and a portion that lies within the described tract more particularly described as follows: Beginning at a point having Coordinates of X = 2,561,093.30 and Y = 459,022.92; thence South 00 degrees 09 minutes 39 seconds East 1,310.49 feet to a point having Coordinates of X = 2,561,096.98 and Y = 457,712.44; thence South 87 degrees 37 minutes 51 seconds West 1,217.14 feet to a point having Coordinates of X = 2,559,880.87 and Y = 457,662.12; thence North 00 degrees 42 minutes 31 seconds West 1,321.94 feet to a point having Coordinates of X = 2,559,864.52 and Y = 458,983.96; thence North 88 degrees 11 minutes 03 seconds East 1,229.39 feet to the point of beginning, containing approximately **21 acres**, all as more particularly

outlined on a plat on file in the Office of Mineral Resources, Department of Natural Resources. All bearings, distances and coordinates are based on Louisiana Coordinate System of 1927, (North or South Zone).

NOTE: The above description of the Tract nominated for lease has been provided and corrected, where required, exclusively by the nomination party. Any mineral lease selected from this Tract and awarded by the Louisiana State Mineral Board shall be without warranty of any kind, either express, implied, or statutory, including, but not limited to, the implied warranties of merchantability and fitness for a particular purpose. Should the mineral lease awarded by the Louisiana State Mineral Board be subsequently modified, cancelled or abrogated due to the existence of conflicting leases, operating agreements, private claims or other future obligations or conditions which may affect all or any portion of the leased Tract, it shall not relieve the Lessee of the obligation to pay any bonus due thereon to the Louisiana State Mineral Board, nor shall the Louisiana State Mineral Board be obligated to refund any consideration paid by the Lessor prior to such modification, cancellation, or abrogation, including, but not limited to, bonuses, rentals and royalties.

NOTE: This tract is located within the boundaries of a wildlife management area or refuge and any operations conducted thereon in conjunction with this mineral lease may be subject to rules and regulations promulgated by the Department of Wildlife and Fisheries for the protection of fish, birds and other wildlife including, but not necessarily limited to, the following:

1. No activities will be allowed without written authorization from the Louisiana Department of Wildlife and Fisheries.
2. Proposed projects will be evaluated on a case by case basis. Modifications to proposed project features including but not limited to access routes, spoil placement, well sites, flowlines and appurtenant structures may be required by the Department of Wildlife and Fisheries.
3. Compensatory mitigation will be required to offset unavoidable wetland impacts.
Mitigation will be required to offset avoidable wetland impacts.
4. Removal of all structures, facilities and equipment will be required within 120 days of abandonment unless otherwise agreed to by the Louisiana Department of Wildlife and Fisheries.
5. No activities will be allowed during the hunting season unless approved by the Department.
6. Compliance with the said WMA regulations will be required unless otherwise specified by the Department.
7. Prior to submitting applications for wetland permits to Federal and State permitting agencies the lease holder shall coordinate project details with the Louisiana Department of Wildlife and Fisheries, Fur and Refuge Division. Contact person for the Department will be Mike Windham at (504) 568-5886.

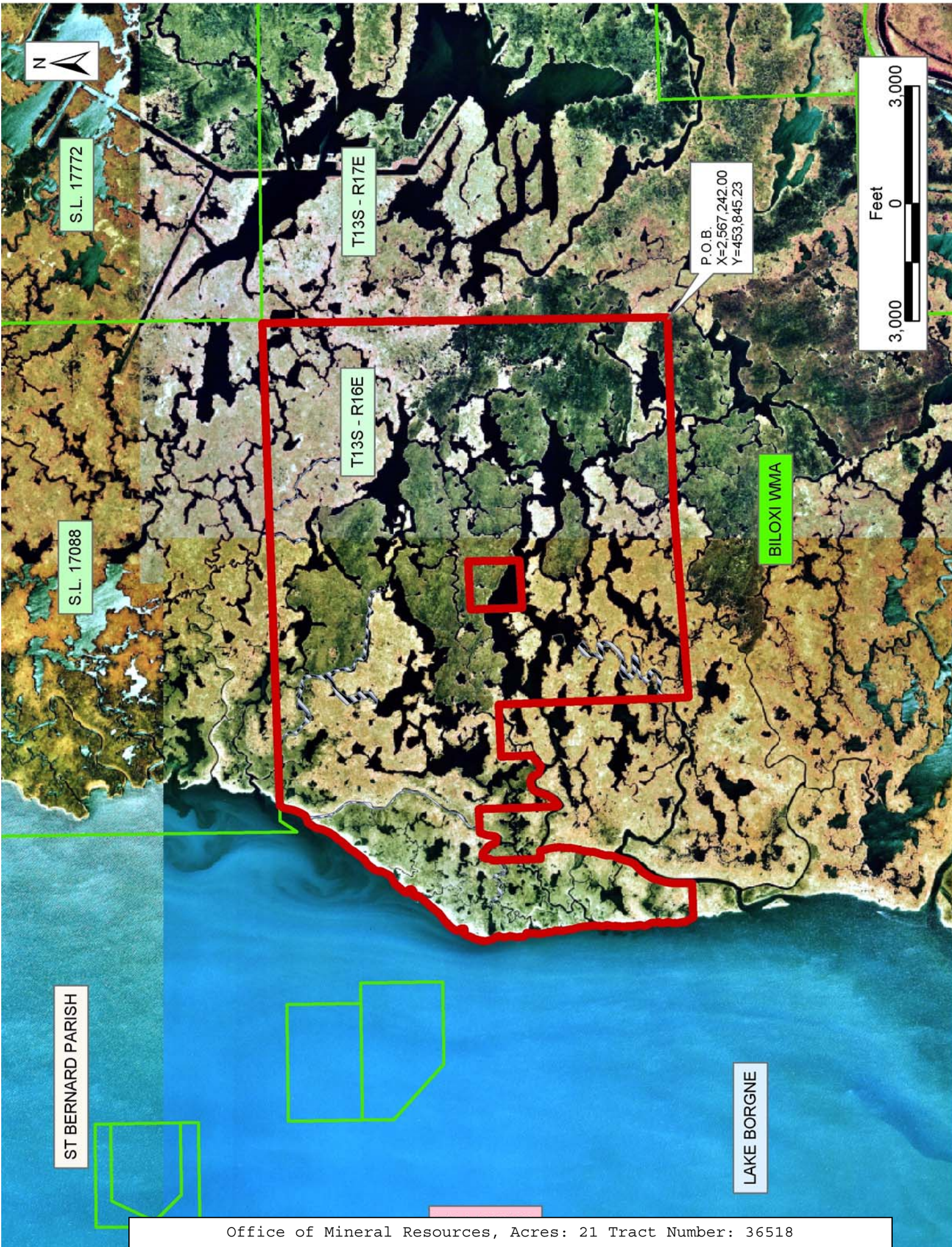
NOTE: The Department will require a minimum bonus of \$350 per acre and a minimum royalty of 25%.

NOTE: The State of Louisiana does hereby reserve, and this lease shall be subject to, the imprescriptible right of surface use in the nature of a servitude in favor of the Department of Natural Resources, including its Offices and Commissions, for the sole purpose of implementing, constructing, servicing and maintaining approved coastal zone management and/or restoration projects. Utilization of any and all rights derived under this lease by the mineral lessee, its agents, successors or assigns, shall not interfere with nor hinder the reasonable surface use by the Department of Natural Resources, its Offices or Commissions, as herein above reserved.

NOTE: The Department of Wildlife and Fisheries has designated certain areas in the coastal waters of the State of Louisiana as Oyster Seed Bed Areas. The exact location of those Seed Bed Areas must be obtained from the Department of Wildlife and Fisheries and any work done under a mineral lease from the State of Louisiana may necessarily be conducted in conformity with the rules and regulations promulgated by the said Department of Wildlife and Fisheries for Oyster Seed Bed Areas.

Applicant: Kare-Sue Energy, Inc.

Bidder	Cash Payment	Price/ Acre	Rental	Oil	Gas	Other



TRACT 36519 - St. Bernard Parish, Louisiana

All lands now or formerly constituting the beds and bottoms of water bodies of whatever description and nature owned by the State of Louisiana and located within the geographical boundaries of the Biloxi Wildlife Management Area and not presently under mineral lease by the State of Louisiana as of July 14, 2004, the area being set forth as follows: Beginning at a point having Coordinates of X = 2,567,242.00 and Y = 453,845.23; thence South 4,979.86 feet to a point on the boundary of the Biloxi Wildlife Management Area and the Northwest corner of State Lease No. 17958 having Coordinates of X = 2,567,242.00 and Y = 448,865.36; thence along the boundary of said Biloxi Wildlife Management Area the following courses and distances: South 86 degrees 26 minutes 46 seconds West 2,054.28 feet, South 03 degrees 22 minutes 29 seconds East 1,352.56 feet, South 03 degrees 22 minutes 30 seconds East 1,352.56 feet, South 87 degrees 11 minutes 37 seconds West 1,294.56 feet, South 04 degrees 08 minutes 59 seconds East 1,344.18 feet, South 04 degrees 09 minutes 00 seconds East 1,344.18 feet, South 87 degrees 59 minutes 04 seconds West 1,258.52 feet, South 02 degrees 12 minutes 43 seconds East 2,350.37 feet to a point on the boundary of the said Biloxi Wildlife Management Area having Coordinates of X = 2,563,085.42 and Y = 440,900.00; thence West 9,914.22 feet to a point on the boundary of said Biloxi Wildlife Management Area having Coordinates of X = 2,553,171.20 and Y = 440,900.00; thence along the boundary of said Biloxi Wildlife Management Area the following courses and distances: Northeasterly, Southeasterly, Northeasterly, Southeasterly, Northerly, North 88 degrees 40 minutes 02 seconds East 994.30 feet, North 44 degrees 52 minutes 12 seconds East 5.23 feet, North 88 degrees 40 minutes 38 seconds East 1,296.36 feet, North 01 degrees 51 minutes 44 seconds West 2,585.82 feet, North 02 degrees 15 minutes 57 seconds West 130.95 feet, North 01 degrees 40 minutes 40 seconds West 454.59 feet, North 02 degrees 09 minutes 33 seconds West 141.85 feet, North 01 degrees 51 minutes 50 seconds West 1,843.90 feet and North 00 degrees 58 minutes 51 seconds West 5,205.85 feet to a point on the boundary of said Biloxi Wildlife Management Area having Coordinates of X = 2,557,541.69 and Y = 453,444.26; thence North 86 degrees 20 minutes 38 seconds East 4,896.34 feet to a point having Coordinates of X = 2,562,428.07 and Y = 453,756.50; thence North 88 degrees 56 minutes 39 seconds East 4,814.75 feet to the point of beginning, **LESS AND EXCEPT** any portion that may lie outside the boundaries of the Biloxi Wildlife Management, containing approximately **18 acres**, all as more particularly outlined on a plat on file in the Office of Mineral Resources, Department of Natural Resources. All bearings, distances and coordinates are based on Louisiana Coordinate System of 1927, (North or South Zone).

NOTE: The above description of the Tract nominated for lease has been provided and corrected, where required, exclusively by the nomination party. Any mineral lease selected from this Tract and awarded by the Louisiana State Mineral Board shall be without warranty of any kind, either express, implied, or statutory, including, but not limited to, the implied warranties of merchantability and fitness for a particular

purpose. Should the mineral lease awarded by the Louisiana State Mineral Board be subsequently modified, cancelled or abrogated due to the existence of conflicting leases, operating agreements, private claims or other future obligations or conditions which may affect all or any portion of the leased Tract, it shall not relieve the Lessee of the obligation to pay any bonus due thereon to the Louisiana State Mineral Board, nor shall the Louisiana State Mineral Board be obligated to refund any consideration paid by the Lessor prior to such modification, cancellation, or abrogation, including, but not limited to, bonuses, rentals and royalties.

NOTE: This tract is located within the boundaries of a wildlife management area or refuge and any operations conducted thereon in conjunction with this mineral lease may be subject to rules and regulations promulgated by the Department of Wildlife and Fisheries for the protection of fish, birds and other wildlife including, but not necessarily limited to, the following:

1. No activities will be allowed without written authorization from the Louisiana Department of Wildlife and Fisheries.
2. Proposed projects will be evaluated on a case by case basis. Modifications to proposed project features including but not limited to access routes, spoil placement, well sites, flowlines and appurtenant structures may be required by the Department of Wildlife and Fisheries.
3. Compensatory mitigation will be required to offset unavoidable wetland impacts.
Mitigation will be required to offset avoidable wetland impacts.
4. Removal of all structures, facilities and equipment will be required within 120 days of abandonment unless otherwise agreed to by the Louisiana Department of Wildlife and Fisheries.
5. No activities will be allowed during the hunting season unless approved by the Department.
6. Compliance with the said WMA regulations will be required unless otherwise specified by the Department.
7. Prior to submitting applications for wetland permits to Federal and State permitting agencies the lease holder shall coordinate project details with the Louisiana Department of Wildlife and Fisheries, Fur and Refuge Division. Contact person for the Department will be Mike Windham at (504) 568-5886.

NOTE: The Department will require a minimum bonus of \$350 per acre and a minimum royalty of 25%.

NOTE: The State of Louisiana does hereby reserve, and this lease shall be subject to, the imprescriptible right of surface use in the nature of a servitude in favor of the Department of Natural Resources, including its Offices and Commissions, for the sole purpose of implementing, constructing, servicing and maintaining approved coastal zone management and/or restoration projects. Utilization of any and all rights derived under this lease by the mineral lessee, its agents, successors or assigns, shall not interfere with nor hinder the reasonable surface use by the

Department of Natural Resources, its Offices or Commissions, as herein above reserved.

NOTE: The Department of Wildlife and Fisheries has designated certain areas in the coastal waters of the State of Louisiana as Oyster Seed Bed Areas. The exact location of those Seed Bed Areas must be obtained from the Department of Wildlife and Fisheries and any work done under a mineral lease from the State of Louisiana may necessarily be conducted in conformity with the rules and regulations promulgated by the said Department of Wildlife and Fisheries for Oyster Seed Bed Areas.

Applicant: Kare-Sue Energy, Inc.

Bidder	Cash Payment	Price/ Acre	Rental	Oil	Gas	Other

